

EXHIBIT 140

Date: November 6, 2013

TO: Kim Liddell, RA Supervisor, UPS Supply Chain

CC: Lisa Walker, Sanjay Patel, Brian Lortie, Eric Brantley, Don DeGoyler

FROM: Tracey Hernandez, Larry Shaffer, DEA Compliance

RE: Review of UPS Suspicious Order Monitoring Activities

On Tuesday, November 6, 2013 an audit of the Suspicious Order Monitoring (SOM) activities conducted by UPS Supply Chain for Endo branded product, was conducted by Tracey Hernandez and Larry Shaffer. The primary Endo contact with UPS, Lisa Walker was present and assisted during the audit. Ms. Kim Liddell, Regulatory Affairs Supervisor, was the point of contact from UPS.

The UPS facility, located in Newark, Delaware is an administrative office, seating approximately number of employees. There is a Customer Service team assigned specifically to Endo products and the primary Regulatory Affairs Administrator managing our account is Angela Martin. Hours on call for Customer Service are 8 a.m. to 8 p.m. M-F.

The audit began at approximately 8:45 a.m. with Lisa presenting a flowchart showing the movement of orders flowing from the customer through Endo's SAP system (EDI Orders) or through data entry at the UPS Memphis, TN Distribution Center. Lisa noted that all brand controlled substance products are shipped to customers from the Memphis facility. A list of these controlled products was provided to the audit team.

Important points to note are:

- All hard copy 222 order forms for Schedule II products ship directly to Memphis (as required)
- DEA 222 order form number and date issued are captured in SAP
- DEA registration numbers and expiration date are also noted in SAP
- Endo performs a credit check at customer set-up
- UPS does not utilize SAP and instead has their own system called LMS which is made up of both an Order Management System (OMS) and a Warehouse Management System (WMS). Orders are fed from SAP to LMS for processing.
- Controlled products ship to the Memphis Distribution Center from Sharp in PA (Opana), Qualitest in AL (Percocet) and PSK in Germany (Foresta).
- UPS Memphis is responsible for completing all DEA required 236 forms to allow for the import of Foresta from Germany.
- UPS' SOM program is comprehensive for a 3PL. They do not have the capability to conduct customer due diligence visits or evaluate chargeback data.

• [REDACTED]

[REDACTED] They then compare the entire UPS client history for products in the applicable drug code or product family. [REDACTED]

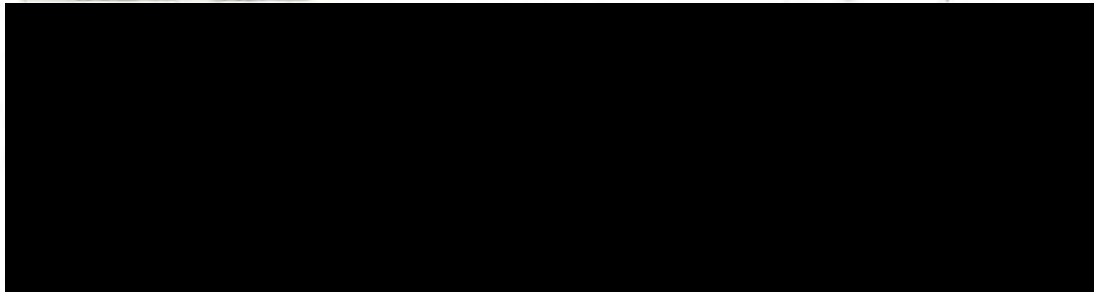
[REDACTED]



Items identified as concerns during the audit are classified below as E/Q or UPS. E/Q indicates a gap that must be covered procedurally through Endo/Qualitest collaboration. UPS indicates an item that is a gap at UPS that must be researched further by their team. UPS was asked to provide an update on any items identified for them, along with any planned corrective actions. We request this update to be provided within 30 days of the issuance of this report.

1. DEA License Check – While UPS monitors the expiration date of a customer's license, they do not subscribe to any monthly service that would provide information on a customer's license suspension or revocation. Instead, they rely on the customer themselves to be forthcoming and notify them that their license has been affected. This presents a risk for customers looking to circumvent the controls and illegally obtain controlled products. There are several entities that offer a monthly feed (NTIS, Metro to name a few) that compares your customer files to the list of active licenses. Any licenses not matching are flagged for further research. It is suggested that UPS subscribe to this service or check each license on DEA's website every time a controlled product is being shipped. (UPS)

2. New Customer Procedure – For new customers who have no order history in the system for



In addition, it is suggested that Endo notify Qualitest any time a new customer is being added who might have the potential to purchase controlled substances. Qualitest will conduct a review to see if this is a shared customer and if so, was a due diligence visit conducted. If no visit occurred or the customer has not previously received controlled product from Qualitest, a due diligence visit will be scheduled by Qualitest and the results forwarded to Endo for their files. (E/Q)

3. Shortage Complaints – The procedure for product returns was discussed which included a review of how shortage complaints are handled for controlled products. Currently, the Medical Information Complaint Group is notified if a customer contacts UPS regarding a shortage. Depending on whether the customer noticed the shortage at receipt or much later, one of them will file a DEA 106 form (Notification of Theft/Loss) with DEA. This is required by the registered location shipping or receiving the product within 24 hours of discovery. Unfortunately, there is no communication back to the contract manufacturing sites (or DEA Compliance, Huntsville) to let them know that a shortage occurred so that it can be investigated on the manufacturing or packaging side. It is suggested that UPS notify Endo of each shortage complaint and that Endo provide notification to the applicable CMO and for Qualitest, to DEA Compliance. (UPS/E/Q)
4. Order Modification – UPS has four Customer Service Representatives dedicated to Endo. Most of these are longer term employees but at least one is planning to retire in the next few months. It was discovered that each representative has the capability to release orders and to modify the order quantity at any time. Modification of the order quantity without supervisory approval

could provide an opportunity for someone looking to divert product to acquire more than the originally ordered amount. Consideration should also be given as to whether or not this violates any Sarbanes-Oxley requirements. It is suggested that UPS add a supervisory approval for modification of any order quantity. If this is not possible, supervisory personnel should monitor these quantity changes via a report that provides audit history (individual who modified the order, date modified, product/quantity modified and reason). (UPS)

5. Suspicious Order Monitoring Records – Records denoting research conducted to determine if orders of interest are indeed suspicious are kept at the Delaware facility. For Endo, since Memphis is the DEA registered distributor, the records are required to be kept at that location. DEA will provide approval for off-site storage, but a letter must be submitted to the local DEA office requesting that permission. At present, no approval letter exists. It was suggested that UPS request permission for off-site storage of these records from the local DEA. (UPS)